

## Explanatory Note on Data Sources, Methodology and Limitations

The municipal finance data published in this Report has been compiled from the budgetary receipts and expenditure data obtained from 201 Municipal Corporations. Total revenue receipts are disaggregated into own tax revenue, own non-tax revenue and transfer. Transfer includes both tax devolution and grants from the Centre and States. Though the data on revenue receipts, capital receipts, revenue expenditure and capital outlay were collected, there were significant gaps in capital receipts and capital outlay data. Therefore, receipts and expenditure data under capital heads are not published as separate Appendices.

For the accounting heads under which the disaggregated figures did not tally with the aggregate figure, the aggregate was taken as the final figure - the difference being taken to the head 'Others'. In cases where the aggregate heads were not reported, the summation of disaggregated heads were used. Accounting heads under which no data was reported were assumed to have zero values. Data for individual corporations were then aggregated to arrive at the state and national level figures. For per capita figures, State-wise urban population as reported in the 2011 census were used. Data on gross domestic product (GDP) and the State-wise

gross state domestic product (GSDP) at market (current) prices were obtained from the National Statistical Office (NSO).

Going forward, some data related issues and limitations need to be addressed. *First*, the receipts, expenditure and borrowings figures collected from the municipal corporations had considerable data gaps and missing/misplaced entries. *Second*, the data for Central and State transfers to municipal corporations were not reported by many corporations and amongst those that have reported, the respective share of Central and State transfers were not reported. Consequently, the transfers data reported here is an underestimation and might differ from those reported elsewhere. *Third*, as the budget documents for most of the corporations are not available online or are available only in their respective regional languages, cross-checking from online budget was untenable. The internal consistency of data was confirmed by contacting respective States/municipal corporations wherever large data gaps were found. Last but not the least, unlike States and the Centre, most of the municipal corporations were not following a fixed and uniform code for budget components creating identification problem in the data set.